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CONFIDENTIAL CARACAS 002725

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NSC FOR CBARTON USCINCSO ALSO FOR POLAD USAID FOR DCHA/OTI RPORTER

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SUBJECT: MVR DEPUTIES ESPOUSE RECONCILIATION

Classified By: ACTING DCM ABELARDO A. ARIAS FOR REASON 1.5 D

Summary

11. (C) Fifth Republic Movement (MVR) Deputies William Lara (Miranda) and Jose Khan (Caracas), told poloffs August 23 that they hoped to devise a plan for reconciliation in the National Assembly. Lara and Khan had avoided EMbassy contact for almost a year. They also expressed objections to postponing the regional elections, and optimism about prospects for improving US-Venezuela relations. The deputies were distrustful of the opposition and of the USG, which indicates the likely strict limits to any dialogue. End summary.

Reconciliation is possible. . . to an extent

12. (C) Poloffs met with Fifth Republic Movement (MVR) Deputies William Lara (Miranda) and Jose Khan (Caracas) August 23 to discuss the government's ideas about reconciliation with the opposition and the US Government, and to gain insight into the government's strategy for the regional elections. Lara and Khan said that government legislators were hoping to devise a common legislative agenda with opposition deputies that could be used as the starting point for reconciliation. The two examples they gave were the law that would regulate disbursement of federal funds to state and municipal governments, and the formation of the federal government council that would direct federally funded development projects nationwide. To be able to reach this common ground, however, Khan said there would have to be an agreement on protocol rules for the National Assembly in which opposition deputies would agree not to filibuster or hinder the passage of bills within the Assembly. In apparent contradiction to the possibility of reconciliation, Lara said there were other initiatives that the MVR knew it would have to push on its own, such as the appointment of judges to the Supreme Tribunal of Justice (TSJ), the media content law, and the national police law. He also made clear the GOV would not/not negotiate with any opposition leaders who would not accept the results of the presidential referendum.

Plans for the future

13. (C) When asked about the plan for deepening the revolution that President Hugo Chavez announced in his Alo Presidente program August 22 (septel), Khan explained that the government would begin investigating corruption charges lodged against government officials, including Chavez's cabinet members. He said the party realized that one of the problems in implementing the 1999 Constitution was the rampant corruption that existed among those who had lost sight of the revolution. The investigations would include a review of the social missions and their efficiency as well. (Comment: On August 25, Social Development Fund (FIDES) head Elias Jaua told the press he had asked the Fiscalia to investigate 10 of his staff for corruption.)

No Delay in Regional Elections

14. (C) Turning to the regional elections, Lara was adamant that the regional elections be held 26 September as scheduled, unless a postponement was needed for technical reasons. Lara argued the date should stand because the CNE does not have the legal authority to extend the terms of the governors and mayors in office. In addition, Lara admitted, politically it would be more expedient for his party to hold elections to take advantage of the "coattail effect" produced in the wake of Chavez's victory. Lara asserted with certainty that Coordinadora leader Governor Enrique Mendoza was finished politically and would be defeated by Diosdado Cabello in Miranda. He said gubernatorial candidates Gen.

(Ret.) Alberto Gutierrez (Zulia) and Gen. (Ret.) Luis Felipe Acosta Carles (Carabobo) would have tough races, given that the opposition incumbents can count on Chavista cross-over votes in their favor.

Bilateral Relations

15. (C) Lara and Khan expressed optimism that US-Venezuela relations would improve in the wake of the referendum, but alleged U.S. reluctance to recognize the results. Both raised allegations that the CIA is conspiring to destabilize Venezuela. Lara claimed former President Bush (sic) called President Chavez to congratulate him on his victory in the referendum, taking it as a positive sign that relations would improve. Lara offered two areas for cooperation -- illegal drugs and terrorism -- and added that elements of the USG seem intent on impugning or at least not recognizing Venezuela's contributions. Lara also recommended that the USG convince the opposition to drop its fraud allegations and accept the government's offer to dialogue.

Comment

16. (C) Lara had avoided contact with the U.S. Embassy for eight months, so we interpret his newfound interest in meeting poloffs as part of the GOV's post-referendum reassessment of bilateral relations. The deputies' attitude toward the opposition raises doubts about the Chavistas' interest in a sincere give-and-take with the opposition. Their persistent suspicions about USG plotting in Venezuela indicates that while the GOV has turned down the volume on its criticism of the USG, it maintains its perspective. McFarland

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